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BOARD OF SUPERVISORS

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
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Kathryn Barger

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## COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

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*"To Enrich Lives Through Effective and Caring Service"*



Joseph M. Nicchitta  
Director

Rafael Carbajal  
Chief Deputy

Joel Ayala  
Chief of Staff

April 24, 2020

To: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

From: Joseph M. Nicchitta  
Director

### **ESTABLISHING A REGIONAL COVID-19 RELIEF FUND FOR SMALL BUSINESSES AND NONPROFITS (ITEMS NO. 2-D AND 9, AGENDA OF APRIL 14, 2020)**

On April 14, 2020, your Board directed the Chief Executive Officer (CEO), the Director of Consumer and Business Affairs (DCBA), and the Acting Executive Director of the Los Angeles County Development Authority (LACDA), to work together and with private sector partners to establish and launch a public-private regional COVID-19 Relief Fund (Relief Fund) to support small businesses and nonprofits in Los Angeles County (County).

The enclosed report updates your Board on the steps taken to establish and launch the Relief Fund, and key next steps for finalizing partnerships with private sector funders, finalizing program design, and deploying capital.

The Relief Fund is designed as a public-private partnership that will leverage public dollars to increase the amount of available funding. The CEO worked with LACDA to identify funds to support the Relief Fund, and early commitments from private sector partners include philanthropic contributions from Wells Fargo Foundation (\$1 million), Citi (\$100,000), and MUFG Union Bank Foundation (\$25,000).

The Relief Fund will provide financial support for small businesses who are likely to face barriers accessing federal aid; nonprofits that extend the government's infrastructure in the service of shared clients; immigrant-owned businesses and immigrant microentrepreneurs; and small businesses and nonprofits that are providing essential services. Financial support will take the form of loans and grants which will be deployed through community development financial institutions (CDFIs) and community-based lenders and grantmakers.

DCBA, LACDA, and the CEO Center for Strategic Partnerships have joined a working group with philanthropic partners and the City of Los Angeles to structure the Relief Fund so that it meets the shared priorities of equity and inclusivity.

Over the next seven to ten days, DCBA and LACDA, with support from the CEO's Center for Strategic Partnerships, will work to finalize additional partnership commitments from public and private sector partners interested in working together to bring relief to small businesses and nonprofits. During this time, the working group described above will finalize the program design, product criteria, and eligibility.

DCBA will provide its next report on May 8, 2020. Among other things, that report is anticipated to include information on additional private and public sector partners who have made commitments to the Relief Fund; CDFI and community-based lenders who will deploy loans and grants through the Relief Fund; and a timeline for the deployment of loans and grants through the Relief Fund.

Should you have any questions concerning this matter, please do not hesitate to contact me or Azusena Favela, Deputy Director, at (213) 974-0133 or [afavela@dcba.lacounty.gov](mailto:afavela@dcba.lacounty.gov).

JMN:AF:rld

Enclosure (1)

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel  
Los Angeles County Development Authority

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**– REPORT –**  
**ESTABLISHING AND LAUNCHING A REGIONAL COVID-19**  
**RELIEF FUND TO SUPPORT SMALL BUSINESSES,**  
**NONPROFITS, AND MICROENTREPRENEURS**

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**I. BACKGROUND**

On April 14, 2020, the Los Angeles County (County) Board of Supervisors (Board) approved a motion by Supervisor Mark Ridley-Thomas to establish and launch a regional COVID-19 relief fund (Relief Fund) to support small businesses, nonprofits, and microentrepreneurs. The Board directed that the Relief Fund should be a public-private partnership, with County funds available as leverage for additional private support to preserve the economic wellbeing of our communities.

Among other things, the Board directed and authorized the Chief Executive Officer (CEO) to identify and allocate one-time funding to establish and launch the Relief Fund, and directed the Director of the Department of Consumer and Business Affairs (DCBA) to work with the CEO and the Acting Executive Director of the Los Angeles County Development Authority (LACDA) to develop a multi-tiered programmatic model for the Relief Fund. Consistent with the Board's directives, the Fund should:

- Include both loans and cash grants, with a focus on small businesses, nonprofits, and microentrepreneurs who are not likely to be eligible for or receive a federal disaster loan; and
- A programmatic design that incorporates community development financial institutions (CDFIs) and other nonprofit partners to market available loans and grants, and engage communities in an inclusive, equitable, and culturally and linguistically competent manner.

The Board directed that the Relief Fund be established on or before April 21, 2020, and that the CEO and DCBA file this report on or before April 24, 2020, describing the Relief Fund's programmatic design and next steps to deploy loans and grants in the community. The Relief Fund is part of the multiple County efforts to support small businesses, including the Employer Assistance Grant Fund through the Department of Workforce Development, Aging, and Community Services, and the Small Business Recovery Loan Program offered through LACDA, both of which have exhausted existing funding at this time.

## **II. THE RELIEF FUND IS DESIGNED AS A PUBLIC-PRIVATE PARTNERSHIP THAT WILL LEVERAGE PUBLIC DOLLARS TO INCREASE THE AMOUNT OF FUNDING AVAILABLE FOR LOANS AND GRANTS**

Consistent with the Board's directive, the Relief Fund is designed as a public-private partnership that is intended to leverage the County's investment to grow the overall size of the Relief Fund. DCBA, supported by CEO and LACDA, is engaged with philanthropic partners and area banks to inform the design of the Relief Fund and attract additional private sector contributions. The CEO worked with LACDA to identify funds to support the Relief Fund, and early commitments from private sector partners include philanthropic contributions from Wells Fargo Foundation (\$1 million), Citi (\$100,000), and MUFG Union Bank Foundation (\$25,000).

The County's contribution will be allocated across a loan and grant program, tentatively described as the "Resiliency Loan Fund" and the "Vulnerable Communities Grant Fund," with approximately 85 percent allocated to the loan program and 15 percent allocated to the grant program.

The County's contributions to the Resiliency Loan Fund will be available as first-loss capital, which reduces the risk that philanthropic and bank partners face if they pool their funding with the County's, and incentivizes private sector participation. DCBA, the CEO, and the CEO's Center for Strategic Partnerships are working with philanthropic organizations who have expressed interest in partnering with the County to develop and deploy the Relief Fund. Discussions are ongoing and center around the collaborative development of program design, and defining whom the Relief Fund will serve.

The County's allocation to the Vulnerable Communities Grant Program will be invested alongside private sector partners, and leverage private sector technical assistance grants and operating grants. Technical assistance is critical to ensure small businesses, nonprofits, and entrepreneurs who receive grants are best positioned for long term resiliency. Operating grants reduce the cost of participating grantors, thereby increasing the amount of revenue that can be purposed for grants. Wells Fargo Foundation's \$1 million commitment will be split, \$500,000 to fund cash grants, and \$500,000 to fund technical assistance for businesses who receive grant funding. Technical assistance is critical to ensure small businesses, nonprofits, and entrepreneurs who receive grants are best positioned for long term resiliency. Citi's \$100,000 commitment will also fund technical assistance through the LA Area Chamber of Commerce. MUFG Union Bank Foundation's \$25,000 commitment will fund operating costs for CDFI partners who participate in the Relief Fund programming. Each of these contributions increases the impact of County dollars allocated through the Relief Fund.

DCBA, again supported by CEO and LACDA, is also engaged in discussions with the City of Los Angeles as a potential public sector partner in the Relief Fund. Should the City decide to participate, its participation is anticipated to mirror the County's, in that the City is expected to provide first-loss capital to the Resiliency Loan Fund, in addition to potential contributions to the Vulnerable Communities Grant Fund.

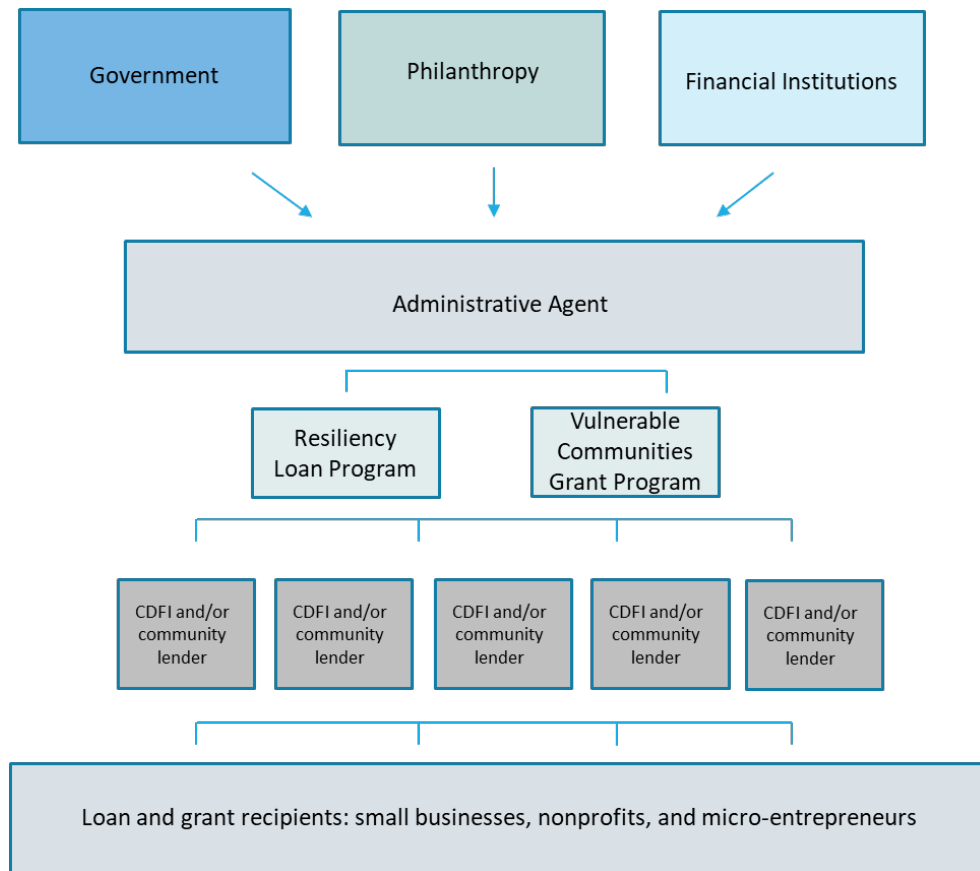
### III. PROGRAM DESIGN, ELIGIBILITY, AND COSTS

#### A. CDFIs and Other Nonprofit Partners Will Deploy Relief Fund Loans and Grants as Part of a Strategy to Ensure Equitable Access to Fund Programs and Geographic Inclusivity Across the Region

Pursuant to the Board’s directives, DCBA is working with LACDA to develop a program design that relies on CDFIs and community-based lenders to deploy loans and grants in the regional community.

The proposed model employs a tiered structure wherein the County, through LACDA, and other funders will pool their resources in an administrative agent, likely a CDFI with a balance sheet sufficiently sized to handle the Relief Fund. The administrative agent will then distribute the resources to “retail” lenders and grantmakers with deeply rooted relationships in and a commitment to the communities they serve. These “retail” lenders and grantmakers will market, originate, and underwrite the loans, and make grants.

The following diagram provides a visual representation of the proposed tiered structure for the Resiliency Loan Program and the Vulnerable Communities Grant Program.



DCBA and LACDA are participating in a working group with representatives from philanthropy and the City of Los Angeles Economic and Workforce Development Department to define the eligibility criteria to serve as the administrative agent, and to identify organizations that both meet the criteria and are interested in serving in the role. Generally, the administrative agent is expected to receive and deploy grants to grantmakers and CDFIs; evaluate potential “retail” partners (CDFIs and lenders) to determine capacity to lend through the program; support and coordinate retail lenders; and report to investors (government, foundations, and financial institutions). The administrative agent must have a presence within the County and understand the community and its stakeholders. The working group will continue to refine these criteria and identify other necessary criteria.

**B. Eligibility Criteria for the Resiliency Loan Program and Vulnerable Communities Grant Program Must Meet the Board’s Policy Objectives to Support Small Businesses and Microentrepreneurs Who Have Barriers to Disaster Aid, and Nonprofits that Serve Low-to-Moderate Income Communities**

The working group described above is also working collaboratively to set the parameters for eligibility and program details for both the Resiliency Loan Program and the Vulnerable Communities Grant Program.

Pursuant to the Board’s directives, as a matter of policy, the Relief Fund must prioritize support for small businesses who are likely to face barriers accessing federal aid; nonprofits that extend the government’s infrastructure in the service of shared clients; immigrant-owned businesses and immigrant microentrepreneurs; and small businesses and nonprofits that are providing essential services.

For this reason, and as a starting point, the working group is considering the following criteria for the loan and grant programs:

<b>Terms</b>	<b>Resiliency Loan Program</b>	<b>Vulnerable Communities Grant Program</b>
Loan/Grant Amount	\$25,000 - \$50,000	\$1,000 - \$25,000
Interest	1% - 3%	N/A
Term	60 months/5 years	N/A
Eligibility Criteria	<ul style="list-style-type: none"> <li>• Independent, locally-owned small business whose primary business operations are in Los Angeles County</li> <li>• In good standing and appropriately permitted and licensed</li> <li>• Less than 25 employees as of March 4, 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Local microentrepreneur that is unable to apply for or qualify for federal or state disaster relief, has limited access to credit and other employment opportunity, and lives in or serves a low-to-moderate income community based on HUD guidelines</li> </ul>

Terms	Resiliency Loan Program	Vulnerable Communities Grant Program
	<p>(date of State of California disaster declaration)</p> <ul style="list-style-type: none"> <li>• Annual gross revenue of \$1 million or less</li> <li>• Has operated in L.A. County for at least six months prior to March 4, 2020</li> <li>• Similar criteria tailored for nonprofits</li> </ul>	<ul style="list-style-type: none"> <li>• Locally operating nonprofit that provides critical services to a low-to-moderate income community, has fewer than 10 employees, and has been in operation and serving a local low-to-moderate income community for at least two years prior to March 4, 2020</li> </ul>

The working group will meet as needed to establish eligibility and product design parameters that meet the policy directives of the Board and other funding partners.

**C. Costs to Administer the Relief Fund Must Be Low to Maximize the Amount of Capital Available for Loans and Grants**

A critical consideration for developing and launching the Resiliency Loan Program and the Vulnerable Communities Grant Program is the cost incurred to administer the programs, to market, originate, and underwrite loans, to issue grants, and to report on outcomes. DCBA and LACDA will establish a cost structure once an administrative agent is identified and selected. A policy priority is to ensure that costs are minimized to effectuate the programs, such that the maximum amount of funding remains available to deploy as loans and grants.

**IV. ENSURING EQUITABLE AND INCLUSIVE ACCESS TO LOANS AND GRANTS**

DCBA has researched various locally established small business disaster funds nationwide, including discussing best practices and lessons learned with those who launched and deployed these funds. A key takeaway from these discussions is that local leaders should devote sufficient time to developing a model that is both equitable and inclusive. First-come, first-served application processes should be avoided as they are not well suited to prioritizing applicants with the greatest need.

The working group will spend considerable time over the coming days ensuring the program design and eligibility meet the policy priorities of equity and inclusivity, which all working group members share, both in terms of communities served and geographic reach. While working with local CDFIs and community-based lenders to market, originate, and underwrite the loan is a best practice for reaching target communities, it is important to consider all aspects of the program design, marketing strategy, and product deployment to ensure these critical policy priorities are achieved.

**V. UPDATE ON PARTNERSHIP WITH GOLDMAN SACHS 10,000 SMALL BUSINESSES INITIATIVE TO BRING AN ADDITIONAL \$15 MILLION IN FEDERAL PAYCHECK PROTECTION PROGRAM LOANS TO LOS ANGELES COUNTY**

The federal Coronavirus Aid, Relief, and Economic Stability (CARES) Act, enacted on March 27, 2020, contained various provisions to support and bolster the national economy in the wake of the spreading coronavirus pandemic. Among these provisions, the CARES Act approved \$349 billion in economic aid to small businesses through the newly created Paycheck Protection Program (PPP). The PPP was designed to provide small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. To qualify for a PPP loan, a business must have 500 or fewer employees. This includes nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors. PPP loans are forgivable if loan proceeds are used by the employer to maintain or quickly rehire employees and maintains salary levels. Funds may be used for payroll costs, interest on mortgages, rent, and utilities. Loans are 100 percent guaranteed by the federal government but are originated by lenders already authorized by the U.S. Small Business Administration (SBA) to make disaster loans, federally insured depository institutions, federally insured credit unions, and Farm Credit System institutions.

Banks and other financial institutions began offering PPP loans on April 3, 2020, to small businesses and sole proprietors, and on April 10, 2020, to independent contractors and self-employed individuals. As PPP rolled out, many media outlets reported that small businesses without a traditional banking relationship were having difficulty applying for PPP. For this reason, as a component of the Relief Fund, but separate from the Resiliency Loan Program and Vulnerable Communities Grant Program, the County partnered with Goldman Sachs to open an additional channel for County businesses to access up to \$15 million in PPP loans.

Goldman Sachs worked through its preferred lender, Community Reinvestment Fund, USA (CRF), a CDFI based in Minneapolis, to process PPP applications. The Board approved the motion to establish the Relief Fund on April 14, 2020. Amidst news reports that PPP funding was nearing exhaustion nationally, CRF opened an application portal the next day, Wednesday, April 15, 2020, at 1:00 pm. During the time the application portal was open, approximately 1,800 businesses submitted an inquiry to access the PPP funds, representing about \$175 million in loan requests. The next day, April 16, 2020, the SBA announced they were pausing processing PPP applications as the program had been fully subscribed nationally, meaning the amount of loan applications nationally exceeded available federal funding. None of the businesses that applied through the CRF portal will receive federal PPP funding from the first tranche of PPP funding.

On April 24, 2020, the President signed fourth COVID-19 stimulus bill (H.R. 266) that includes an additional \$310 billion in PPP funding. The SBA is expected to open PPP by Monday, April 27, 2020. CRF is processing 200 inquiries in preparation for the second

round of PPP funding, which will account for the full \$15 million in PPP funds made available by Goldman Sachs. CRF has communicated with the remaining approximately 1,550 businesses and nonprofits who submitted an inquiry through the portal but who cannot be offered an application. DCBA worked with CRF to craft an appropriate message that directs businesses to call the L.A. County Disaster Help Center (staffed by DCBA and other County departments) for information about additional funds or programs available through the County's support network.

## **VI. NEXT STEPS AND TIMELINE**

Over the next seven to ten days, DCBA and LACDA, with support from the CEO's Center for Strategic Partnerships, will work to finalize additional partnership commitments from public and private sector partners interested in working together to bring relief to small businesses and nonprofits. During this time, the working group will also evaluate any eligible and interested administrative intermediaries.

The next report will be filed on May 8, 2020.



BOARD OF SUPERVISORS

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

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## COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

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*"To Enrich Lives Through Effective and Caring Service"*



Joseph M. Nicchitta  
Director

Joel Ayala  
Chief of Staff

Rafael Carbajal  
Chief Deputy

May 8, 2020

To: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

From: Joseph M. Nicchitta  
Director

### **SECOND REPORT ON ESTABLISHING A REGIONAL COVID-19 RELIEF FUND FOR SMALL BUSINESSES AND NONPROFITS (ITEMS NO. 2-D AND 9, AGENDA OF APRIL 14, 2020)**

On April 14, 2020, your Board directed the Chief Executive Officer (CEO), the Director of Consumer and Business Affairs (DCBA), and the Acting Executive Director of the Los Angeles County Development Authority (LACDA), to work together and with private sector partners to establish and launch a public-private regional COVID-19 Relief Fund (Relief Fund) to support small businesses and nonprofits in Los Angeles County (County).

DCBA, in collaboration with the CEO and LACDA, filed its first report on establishing the Relief Fund on April 24, 2020. In that first report, DCBA reported on:

- Efforts to partner with the private sector and the City of Los Angeles to leverage public dollars to increase the amount of funding available for loans and grants;
- Projected program design, including working with community development financial institutions (CDFIs) and nonprofit partners to deploy loans and grants as part of a strategy to ensure equitable access to Relief Fund resources;
- Projected program eligibility, including targeting small businesses and microentrepreneurs who have barriers to qualifying for or access other disaster aid, and nonprofits that serve low-to-moderate income communities;
- Efforts to control costs associated with the administration of the Relief Fund; and
- The County's partnership with Goldman Sachs' 10,000 Small Businesses Initiative to bring an additional \$15 million in federal Paycheck Protection Program loans to County businesses.

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May 8, 2020  
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The enclosed report updates your Board on progress made since the first report, and key next steps for finalizing and launching the Relief Fund.

DCBA will provide its next report on or before May 22, 2020.

Should you have any questions concerning this matter, please do not hesitate to contact me or Azusena Favela, Deputy Director, at (213) 974-0133 or [afavela@dcba.lacounty.gov](mailto:afavela@dcba.lacounty.gov).

JMN:AF:rav

Enclosure

c:     Executive Office, Board of Supervisors  
        Chief Executive Office  
        County Counsel  
        Los Angeles County Development Authority

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**– \*SECOND\* REPORT –**  
**ESTABLISHING AND LAUNCHING A REGIONAL  
COVID-19 RELIEF FUND TO SUPPORT SMALL BUSINESSES,  
NONPROFITS, AND MICROENTREPRENEURS**

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**I. BACKGROUND**

On April 14, 2020, the Los Angeles County (County) Board of Supervisors (Board) approved a motion by Supervisor Mark Ridley-Thomas to establish and launch a regional COVID-19 relief fund (Relief Fund) to support small businesses, nonprofits, and microentrepreneurs. The Board directed that the Relief Fund should be a public-private partnership, with County funds available as leverage for additional private funding to preserve the economic wellbeing of our communities.

Among other things, the Board directed and authorized the Chief Executive Officer (CEO) to identify and allocate one-time funding to establish and launch the Relief Fund, and directed the Director of the Department of Consumer and Business Affairs (DCBA) to work with the CEO and the Acting Executive Director of the Los Angeles County Development Authority (LACDA) to develop a multi-tiered programmatic model for the Relief Fund. Consistent with the Board's directives, the Relief Fund should:

- Include both loans and cash grants, with a focus on small businesses, nonprofits, and microentrepreneurs who are not likely to be eligible for or receive a federal disaster loan; and
- A programmatic design that incorporates community development financial institutions (CDFIs) and other nonprofit partners to market available loans and grants, and engages communities in an inclusive, equitable, and culturally and linguistically competent manner.

DCBA provided its first report regarding establishing and launching the fund on April 24, 2020. This second report details progress made since the April 24, 2020 report.

**II. SELECTION OF AN ADMINISTRATIVE AGENT TO MANAGE THE PUBLIC-PRIVATE RELIEF FUND**

As previously reported, DCBA and LACDA formed a working group with philanthropic partners and the City of Los Angeles' Economic and Workforce Development Department

to develop a Relief Fund structure that would meet the Board's priorities of both growing the size of the fund, as well as ensuring equitable access to Relief Fund programs countywide.

The working group determined that the first key step in advancing the development and launch of the Relief Fund was to select an administrative agent to serve as the fund's manager. The administrative agent will be responsible for finalizing the design of the Relief Fund, in collaboration with the County and the working group, and structuring the capital allocations to attract the maximum amount of contributions to grow the fund. The administrative agent will also leverage existing relationships with CDFIs and community groups who can market Relief Fund products and push resources into the community. For these reasons, the working group agreed that the administrative agent must understand the County market and have strong relationships with community-based lenders, among other important criteria.

After an interview and selection process, and in close coordination with the working group members, the County selected an administrative agent that best met the required criteria to serve in this role. DCBA and LACDA are now negotiating with the selected administrative agent to establish the contracts necessary to commence work.

### **III. COLLABORATIVE EFFORTS TO ATTRACT PARTNERS TO THE RELIEF FUND**

As previously reported, consistent with the Board's directive, the Relief Fund is designed as a public-private partnership with initial philanthropic contributions from Wells Fargo Foundation (\$1 million), Citi (\$100,000), and MUFG Union Bank Foundation (\$25,000).

DCBA and LACDA are collaborating with the CEO's Center for Strategic Partnerships and working group members to attract additional private sector partners who share the Board's policy priorities of supporting the region's small businesses, microentrepreneurs, and nonprofits. During this reporting period, a key philanthropic partner offered a conditional commitment of \$2 million to the Relief Fund. Conditions include obtaining additional commitments from both public and private sector partners.

### **IV. UPDATE ON PARTNERSHIP WITH GOLDMAN SACHS 10,000 SMALL BUSINESSES INITIATIVE TO BRING AN ADDITIONAL \$15 MILLION IN FEDERAL PAYCHECK PROTECTION PROGRAM LOANS TO LOS ANGELES COUNTY**

As reported on April 24, 2020, DCBA worked with Goldman Sachs and its CDFI lender, Community Reinvestment Fund, to open an online portal on April 15, 2020, to provide \$15 million in Paycheck Protection Program (PPP) loans to County small businesses. The next day, on April 16, 2020, the U.S. Small Business Administration (SBA) paused accepting PPP loan applications, as available federal funding had been exhausted nationwide. As a result, Community Reinvestment Fund was initially unable to submit any of the loan applications received via the online portal.

On April 24, 2020, the President signed the fourth COVID-19 stimulus bill (H.R. 266) that included an additional \$310 billion in PPP funding. The SBA began processing the second round of PPP applications on April 27, 2020.

As of April 30, 2020, Community Reinvestment Fund had successfully funded 126 loans from County-based small businesses, and was working with an additional 32 small businesses to finalize the application process. The SBA has not announced a closing date for PPP.

Separately from the County's partnership with Goldman Sachs and Community Reinvestment Fund, DCBA staff, through the County's Disaster Help Center ([lacountyhelpcenter.org](http://lacountyhelpcenter.org)), is referring small business owners seeking PPP loans to two local credit unions who have expressed an interest in accepting applications from non-account holders.

## **V. NEXT STEPS AND TIMELINE**

DCBA and LACDA will continue to work with County Counsel to finalize appropriate contractual documents with the administrative agent, and will collaborate with the administrative agent and working group members to finalize a program design that reflects the Board's policy priorities, as well as a timeline for launch. DCBA and LACDA will also continue their collaboration with the CEO's Center for Strategic Partnerships to finalize additional partnership commitments from public and private sector partners interested in working together to bring relief to small businesses and nonprofits.

The next report will be filed on or before May 22, 2020.



BOARD OF SUPERVISORS

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

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## COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

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*"To Enrich Lives Through Effective and Caring Service"*



Joseph M. Nicchitta  
Director

Rafael Carbajal  
Chief Deputy

Joel Ayala  
Chief of Staff

June 15, 2020

TO: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

FROM: Joseph M. Nicchitta  
Director

### **THIRD REPORT BACK ON ESTABLISHING A REGIONAL COVID-19 RELIEF FUND FOR SMALL BUSINESSES AND NONPROFITS (ITEMS NO. 9, AGENDA OF APRIL 14, 2020. RELATES TO 2-D)**

On April 14, 2020, your Board directed the Chief Executive Officer (CEO), the Director of Consumer and Business Affairs (DCBA), and the Acting Executive Director of the Los Angeles County Development Authority (LACDA), to work together and with private sector partners to establish and launch a public-private regional COVID-19 Relief Fund (Relief Fund) to support small businesses and nonprofits in the County.

DCBA filed previous reports on April 24, 2020, and May 8, 2020. In its May 8th report, DCBA reported on:

- The selection of an administrative agent to manage the Relief Fund;
- Collaborative efforts with philanthropy and the City of Los Angeles to attract partners to the Relief Fund;
- The partnership with Goldman Sachs 10,000 Small Businesses Initiative to bring an additional \$15 million in federal Paycheck Protection Program loans to the County; and
- Next steps and timeline.

DCBA, LACDA, and the CEO's Center for Strategic Partnerships have joined a working group with philanthropic partners and the City of Los Angeles to structure the Relief Fund so that it meets the shared priorities of equity and inclusivity.

As explained in the attached report, the first phase of the Relief Fund consists of a \$3 million grant program for microentrepreneurs, small businesses, and nonprofits. The grant program is expected to launch in late-June and continue through October.

Over the next month, DCBA and LACDA will collaborate with the working group to finalize the second phase of the Relief Fund, which consists of a small business and nonprofit loan program.

DCBA will provide its next report on or before August 7, 2020. Among other things, that report is anticipated to include an update on the grant awards, loan program design, information on additional private and public sector partners who have made commitments to the Relief Fund; community development financial institutions (CDFIs) and community-based lenders who will deploy loans and grants through the Relief Fund; and a timeline for the deployment of loans through the Relief Fund.

Should you have any questions concerning this matter, please do not hesitate to contact me or Azusena Favela, Deputy Director, at (213) 974-0133 or [afavela@dcba.lacounty.gov](mailto:afavela@dcba.lacounty.gov).

JMN:AF:rld

Attachments

c:     Executive Office, Board of Supervisors  
       Chief Executive Office  
       County Counsel  
       Los Angeles County Development Authority

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## **– THIRD REPORT – ESTABLISHING AND LAUNCHING A REGIONAL COVID-19 RELIEF FUND TO SUPPORT SMALL BUSINESSES, NONPROFITS, AND MICROENTREPRENEURS**

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### **I. BACKGROUND**

On April 14, 2020, the Los Angeles County (County) Board of Supervisors (Board) approved a motion by Supervisor Mark Ridley-Thomas to establish and launch a regional COVID-19 relief fund to support small businesses, nonprofits, and microentrepreneurs (Relief Fund). The Board directed that the Relief Fund should be a public-private partnership, with County funds available as leverage for additional private support to preserve the economic wellbeing of our communities.

Among other things, the Board directed and authorized the Chief Executive Officer (CEO) to identify and allocate one-time funding to establish and launch the Relief Fund, and directed the Director of the Department of Consumer and Business Affairs (DCBA) to work with the CEO and the Acting Executive Director of the Los Angeles County Development Authority (LACDA) to develop a multi-tiered programmatic model for the Relief Fund.

This report serves as the third report back to your Board on progress made to establish and launch the Relief Fund.

### **II. PROGRAM DESIGN, ELIGIBILITY, AND COSTS**

As previously reported, DCBA and LACDA formed a working group with philanthropic partners and the City of Los Angeles' Economic and Workforce Development Department to develop a Relief Fund structure that would meet the Board's priorities of both growing the size of the fund, as well as ensuring equitable access to Relief Fund programs countywide.

Also as reported on May 8, 2020, the County selected an administrative agent to serve as the fund's manager. The selected administrative agent is Local Initiatives Support Corporation (LISC). LISC's mission is, "with residents and partners, LISC forges resilient and inclusive communities of opportunity across America – great places to live, work, visit, do business and raise families." LISC has a national headquarters in New York and 35 local offices, including a Los Angeles office which will serve as the lead for the purposes of designing and administering the Relief Fund.

Based on recommendations from LISC, the County and working group members have decided to deploy the Relief Fund in phases to provide sufficient time to capitalize the fund while still making some capital available as soon as possible.

The first phase of the Relief Fund will consist of a grant program, and the second phase will consist of loan program. Both phases of the program will be accompanied by support from technical assistance partners, including the LA Area Chamber of Commerce, API Small Business Program, Inclusive Action for the City, The Center by Lendistry, Pacific Asian Consortium in Employment (PACE), Pacific Coast Regional (PCR), New Economics for Women, and Vermont Slauson Economic Development Corporation. Collectively, the group has multi-language capacity (16 languages) and geographic reach in the County. The work of these technical assistance partners is funded by Wells Fargo Foundation (\$600,000), Citibank (\$100,000), and MUFG Union Bank Foundation (\$35,000).

Technical assistance will consist of, among other things, outreach to potentially eligible businesses, access to technology, and supporting applicants with documentation needed to process an award, such as a W-9, ACH form for direct deposit, COVID-19 Substantiation Statement, tax returns (to verify income/revenue), and Business Registration Tax Certificate (if applicable) or some alternative form of business verification. LISC is coordinating with the technical assistance partners to support appropriate demographic and geographic coverage.

The grant program is expected to launch with \$3 million, funded with contributions from the County and the City of Los Angeles. Technical assistance in support of the grant program is expected to begin on June 22nd and applications are expected to open on June 29th. This schedule may be delayed for one week to accommodate outreach activities prior to the availability of technical assistance.

LISC will administer the application process and issue two types of grants: \$5,000 grants for microentrepreneurs and \$15,000 grants for small businesses and nonprofits. The grants will be administered over six rounds of \$500,000 each. LISC will also analyze the grants awarded after each round to adjust application weighting, marketing and technical assistance to ensure equitable geographic and demographic distribution, including prioritizing low-to-moderate income neighborhoods that may not have had access to government support.

LISC will verify the selected grant recipients meet the criteria laid out by the working group. The grant criteria include the following:

- All grant recipients must have been conducting business in the County at least six months prior to the declared state of emergency on March 4, 2020, and have experienced an economic hardship caused by COVID-19;
- Microentrepreneurs must be individuals in the gig economy, sole proprietors, independent contractors, and/or single member LLCs with annual income/revenue of less than \$100,000;
- Small businesses must have less than \$1 million in annual gross revenue; and

- Nonprofits must have less than \$1 million in annual budget and provide social services for low-to-moderate income communities.

It is anticipated that LISC's costs to administer the grant program will be paid for by philanthropic contributions from Wells Fargo Foundation.

LISC and the working group continue to design the loan program which will be available in the second phase of the Relief Fund. LISC has engaged CDFIs and community-based lenders to ensure geographic coverage of the County. LISC has also engaged many of these providers to provide input on the design of the loan fund.

#### **IV. UPDATE ON PARTNERSHIP WITH GOLDMAN SACHS 10,000 SMALL BUSINESSES INITIATIVE TO BRING AN ADDITIONAL \$15 MILLION IN FEDERAL PAYCHECK PROTECTION PROGRAM LOANS TO LOS ANGELES COUNTY**

As previously reported, the County partnered with Goldman Sachs 10,000 Small Businesses Initiative and Community Reinvestment Fund, a community development financial institution (CDFI), to make \$15 million in federal Paycheck Protection Program (PPP) loans available to County businesses that were unable to access PPP through a traditional banking relationship.

As of June 12, 2020, Community Reinvestment Fund successfully funded \$12.1 million to 129 County-based small businesses and is supporting an additional 25 businesses through the application process for \$1.1 million. The U.S. Small Business Administration will close PPP funding on June 30, 2020, absent further action by the Congress.

#### **V. NEXT STEPS AND TIMELINE**

Over the next month, DCBA and LACDA, with support from County Counsel, will finalize an agreement with LISC necessary to launch the first phase grant program. DCBA and LACDA, with support from the CEO's Center for Strategic Partnerships, will work to finalize additional partnership commitments from public and private sector partners interested in working together to bring relief to small businesses and nonprofits. The partners will continue to work with LISC on the second phase loan program that reflects the County's policy priorities.

The next report will be filed on or before August 7, 2020.



BOARD OF SUPERVISORS

Hilda L. Solis  
Mark Ridley-Thomas  
Sheila Kuehl  
Janice Hahn  
Kathryn Barger

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## COUNTY OF LOS ANGELES DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS

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*"To Enrich Lives Through Effective and Caring Service"*



Joseph M. Nicchitta  
Director

Joel Ayala  
Chief of Staff

Rafael Carbajal  
Chief Deputy

August 10, 2020

TO: Supervisor Kathryn Barger, Chair  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Janice Hahn

FROM: Joseph M. Nicchitta  
Director

### **FOURTH REPORT BACK ON ESTABLISHING A REGIONAL COVID-19 RELIEF FUND FOR SMALL BUSINESSES AND NONPROFITS (ITEM NO. 9, AGENDA OF APRIL 14, 2020; RELATES TO AGENDA ITEM 2-D)**

On April 14, 2020, your Board directed the Chief Executive Officer (CEO), the Director of Consumer and Business Affairs (DCBA), and the Acting Executive Director of the Los Angeles County Development Authority (LACDA), to work together and with private sector partners to establish and launch the Los Angeles Regional COVID-19 Recovery Fund (Recovery Fund) to support small businesses and nonprofits in the County.

DCBA filed previous reports on April 24, 2020; May 8, 2020; and June 15, 2020. In its June 15th report, DCBA reported on:

- The structure of the first phase of the Fund to deploy grants;
- Highlighted organizations funded to provide technical assistance to applicants;
- The partnership with Goldman Sachs 10,000 Small Businesses Initiative to bring an additional \$15 million in federal Paycheck Protection Program loans to the County; and
- Next steps and timeline.

Each Supervisor  
August 10, 2020  
Page 2

The grants phase of the Recovery Fund launched on July 6, 2020. The attached report updates your Board on the grant application and review process. In addition, on August 4, 2020, your Board approved \$60 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to support the Recovery Fund. DCBA and LACDA are working to integrate the additional CARES Act funding into the Recovery Fund. These efforts will be addressed in the next report, which is due on September 10, 2020.

Should you have any questions concerning this matter, please do not hesitate to contact me or Azusena Favela, Deputy Director, at (213) 974-9750 or [afavela@dcba.lacounty.gov](mailto:afavela@dcba.lacounty.gov).

JMN:RC:AF  
RV:ph

Attachment

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel  
Los Angeles County Development Authority

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## **– FOURTH REPORT –**

# **ESTABLISHING AND LAUNCHING A REGIONAL COVID-19 RECOVERY FUND TO SUPPORT MICROENTREPRENEURS, SMALL BUSINESSES, AND NONPROFITS**

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### **I. BACKGROUND**

On April 14, 2020, the Los Angeles County (County) Board of Supervisors (Board) approved a motion authored by Supervisor Mark Ridley-Thomas to establish and launch a regional COVID-19 relief fund to support small businesses, nonprofits, and microentrepreneurs, now called the Los Angeles Regional COVID-19 Recovery Fund (Recovery Fund). The Board directed that the Recovery Fund should be a public-private partnership, with County funds available as leverage for additional private support to preserve the economic wellbeing of our communities.

Among other things, the Board directed and authorized the Chief Executive Officer (CEO) to identify and allocate one-time funding to establish and launch the Recovery Fund, and directed the Director of the Department of Consumer and Business Affairs (DCBA) to work with the CEO and the Acting Executive Director of the Los Angeles County Development Authority (LACDA) to develop a multi-tiered programmatic model for the Recovery Fund.

This report serves as the fourth report back to your Board on the launch of the Recovery Fund.

### **II. PROGRAM DESIGN, ELIGIBILITY, AND COSTS**

As reported on June 25, 2020, the County selected Local Initiatives Support Corporation (LISC) to administer the Recovery Fund. LISC will oversee the deployment of the application process and grants over the course of six rounds. On Monday, June 29, 2020, Supervisor Ridley-Thomas issued a press release announcing the launch of the Recovery Fund's technical assistance program to encourage entities to prepare for the application process. Eight technical assistance providers have been funded by private sector banking partners, including the LA Area Chamber of Commerce, API Small Business Program, Inclusive Action for the City, The Center by Lendistry, Pacific Asian Consortium in Employment (PACE), Pacific Coast Regional (PCR), New Economics for Women, and Vermont Slauson Economic Development Corporation. Collectively, the group has multi-language capacity (16 languages) and wide geographical reach throughout the County. The County's Disaster Help Center ([lacountyhelpcenter.org](http://lacountyhelpcenter.org)) is also a partner in supporting the Recovery Fund.

On July 6, 2020, LISC launched the Recovery Fund's page, [www.LACOVIDfund.org](http://www.LACOVIDfund.org), and opened applications for the first round of grants with \$2 million in County grant funding, \$1 million in City of Los Angeles (City) grant funding, and \$200,000 in grant funding contributed by MFUG Union Bank Foundation.

The funds are being awarded via a weighted lottery system that prioritizes equitable distribution of grants across the County and City districts while targeting low-to-moderate income neighborhoods that may not have been able to take advantage of other COVID-19 emergency funding sources. The weighted systems will also use the California Enviro Scan 3.0 (90 percent plus), poverty rate, educational attainment, and unemployment rates. LISC will also analyze the grants awarded after each round to adjust application weighting, marketing and technical assistance to ensure equitable geographic and demographic distribution.

During the first round of the grant fund, which was open for applications from July 6, 2020, to July 10, 2020, LISC received 33,314 total applications, consisting of 10,809 small businesses, 1,939 small nonprofits, and 20,566 microentrepreneurs. LISC selected 63 finalists from the first round of applications and has been working with finalists to complete the approval process. Round one grants are expected to be issued the week of August 10, 2020, at which time details on the grant recipients will be made available, including where they are located, their industry classifications, ownership demographics, and employee size and revenue.

During the second round of the grant fund, LISC received 39,905 total applications, consisting of 13,931 small businesses, 2,111 small nonprofits, and 23,863 microentrepreneurs. LISC selected 128 applicants during the second round and is currently working with applicants to finalize the approval process.

Of the 191 finalists selected, 52 percent are small businesses, 23 percent are small nonprofits, and 25 percent are microentrepreneurs. In total, 92 percent reported revenue under \$500,000 and 82 percent have two or fewer employees. Asian-owned businesses make up 31 percent of the finalists, African-American-owned businesses represent 21 percent, White-owned businesses 15 percent, while Latino-owned businesses represent only 9 percent. DCBA is working to increase outreach to Latino-owned businesses, including utilizing Spanish-language broadcast media, to increase the number of Latino-owned business applications and finalists. LISC will continue to monitor the distribution of grants across geography and diversity to ensure equitable distribution.

#### **IV. NEXT STEPS AND TIMELINE**

The next report will be filed on or before September 10, 2020.



September 9, 2020

TO: Each Supervisor

FROM: Emilio Salas   
Acting Executive Director

Rafael Carbajal   
Acting Director, Department of Consumer and Business Affairs

**SUBJECT: REPORT BACK ON ESTABLISHING A REGIONAL COVID-19 RELIEF FUND FOR SMALL BUSINESSES AND NONPROFITS (ITEMS NO. 9, AGENDA OF APRIL 14, 2020. RELATES TO 2-D)**

On April 14, 2020, your Board directed the Chief Executive Officer (CEO), the Director of Consumer and Business Affairs (DCBA), and the Acting Executive Director of the Los Angeles County Development Authority (LACDA), to work together with private sector partners to establish and launch a public-private regional COVID-19 Relief Fund to support small businesses and nonprofits in the Los Angeles County (County).

Since receiving this directive, LACDA has worked in close collaboration with the DCBA to implement this critical initiative. The L.A. Regional COVID-19 Recovery Fund (Recovery Fund) launched on July 6, 2020. What began initially as a solo County-driven project grew to a collaborative effort with the City of Los Angeles. Local Initiatives Support Corporation (LISC) was jointly selected as the Recovery Fund Administrator for this recovery effort. In this capacity, LISC is responsible for marketing the program, managing the application intake process, and funding grants to businesses and nonprofit organizations that have been impacted by economic loss during this crisis. Your Board also directed LACDA and DCBA to secure private and philanthropic contributions to the fund. Union Bank MUFG and Wells Fargo have respectively contributed \$180,000 and \$50,000. Fundraising continues for Phase 2, which will deploy loans.

Still in Phase 1, the Recovery Fund has already awarded \$3.2 million in grants to more than 300 Los Angeles County microentrepreneurs, small businesses, and nonprofits, and has now been bolstered by an additional \$60M in CARES Act funding that was approved by your Board on August 4, 2020. An additional \$40 million was contributed by the City of Los Angeles to the Recovery Fund. This will provide thousands of Los Angeles County businesses with awards ranging from \$5,000 to \$25,000. It should be noted that the Recovery Fund has partnered with community organizations to provide free coaching and

one-on-one technical assistance (TA) to all applicants seeking support before, during, and after grant submission.

Given the sensitive regulatory requirements associated with CARES Act funded programs, LACDA has been in careful coordination with the offices of the Chief Executive Officer, Auditor-Controller, and County Counsel to establish the appropriate checks and balances for all grants provided by the Recovery Fund. Ongoing guidance from the U.S. Treasury is continually sought to ensure CARES Act compliance.

Round 4, the first of the lottery rounds to utilize CARES Act funding, of the Recovery Fund was launched on Monday, August 31, 2020. It was open for five days through Friday, September 4, 2020. Provided below are salient points related to the administration of the Recovery Fund moving forward:

- The Recovery Fund will launch with \$98 million (\$59 million from the County, \$39 million from the City).
- The Recovery Fund administration fees were reduced from 10 percent to 7 percent.
- Unincorporated areas will receive 17 percent of County funds.
- At the direction of Economic Development Deputies, technology enhancements were undertaken to mitigate applicants from having to reapply once they are in the application system.
- Grant Categories:

<b>Organization Type &amp; Revenue</b>	<b>Grant Award</b>
1. Microentrepreneurs (<\$100K)	\$5,000
2. Very Small Businesses (\$100K-\$1M)	\$15,000
3. Small Businesses (\$1M-\$5M)	\$25,000
4. Very Small Nonprofits (under \$1M)	\$15,000
5. Small Nonprofits (\$1M-\$5M) *will have a separate application process	\$75,000
6. Chamber of Commerce will only be eligible under category #4 above.	n/a

To minimize the return of the CARES Act Funds to the federal government by the December 30, 2020, expenditure deadline, the County and City of Los Angeles jointly established the following grant funding schedule:

<b>Round</b>	<b>Launch Date</b>
Round 4	August 31, 2020
Round 4.5 (\$75K grants)	September 21, 2020

Round 5	October 5, 2020
Round 6	October 30, 2020

The \$75,000 grants will be made available through a separate application process (not lottery-based). The grants target organizations that provide critical social services throughout the County.

## CONCLUSION

Based on the infusion of \$60 million in CARES Act funds, LACDA projects that the County will be able to provide grants to just over 4,000 small businesses and nonprofits in all areas of the County with the exception of the City of Los Angeles, which has its own CARES Act funds. To ensure equitable representation and participation in the Recovery Fund, marketing materials are available in fourteen (14) languages. The program website is [www.lacovidfund.org](http://www.lacovidfund.org). For your reference, attached is a summary report of grant awards funded in each Supervisorial District.

Over the next month, LACDA will collaborate with DCBA and the City of Los Angeles to finalize the second phase of the Recovery Fund, which consists of a small business and nonprofit loan program. Additionally, LACDA will continue to provide weekly program updates to the Economic Development Policy Committee.

If you have any questions or need further information, please contact me at (626) 586-1505 or Davon Barbour, Director of Community & Economic Development Division at (626) 586-1790 or [davon.barbour@lacda.org](mailto:davon.barbour@lacda.org).



**LA REGIONAL COVID FUND**

## LA COVID FUND ROUND 4 OPENS AUGUST 31<sup>ST</sup>

**Round 4 Updates**

- \$25,000 grants now available for businesses with \$1 million - \$5 million in revenue
- Round 4 submission will save for future rounds - no need to apply again after this round!
- chambers of commerce with 501(c)(6) status are now eligible in addition to 501(c)(3)s



- Small businesses and non-profits based in the City of LA must have a Business Tax Registration Certificate (BTRC)
- Previous program guidelines still apply and smaller entities are still eligible.

Your application must be completed by **Friday, September 4th, 11:59 p.m. PT.**

**Learn more and apply online here: [WWW.LACOVIDFUND.ORG](http://WWW.LACOVIDFUND.ORG)**

**Questions? Call here: (833) 238-4450**



## Attachments

c: Each LACDA Deputy  
Fesia Davenport, Acting Chief Executive Officer, CEO  
Department of Consumer & Business Affairs

LA Regional Covid-19 Recovery Fund  
Grant Fund Impact Metrics


Date Prepared: 8.12.2020  
Grant Round 3.00


Impact Metrics	ROUND 1			ROUND 2			Round 3			TOTAL		
	Number (#)	Amount (\$)	Percent (%)	Number (#)	Amount (\$)	Percent (%)	Number (#)	Amount (\$)	Percent (%)	Number (#)	Amount (\$)	Percent (%)
1. Grants Awarded -- Total												
Microentrepreneurs	41	205,000	38%	55	275,000	20%	55	275,000	20%	151	755,000	23%
Small Businesses	11	165,000	31%	55	825,000	60%	55	825,000	60%	121	1,815,000	55%
Nonprofits	11	165,000	31%	18	270,000	20%	18	270,000	20%	47	705,000	22%
	63	535,000	100%	128	1,370,000		128	1,370,000		319	3,275,000	
3. By Supervisorial District												
First District (Hilda L. Solis)	7	55,000	11%	32	300,000	25%	32	360,000	25%	71	715,000	22%
Second District (Mark Ridley-Thomas)	21	175,000	33%	39	375,000	30%	39	405,000	30%	99	955,000	29%
Third District (Sheila Kuehl)	13	125,000	21%	18	210,000	14%	18	170,000	14%	49	505,000	15%
Fourth District (Janice Hahn)	16	130,000	25%	22	280,000	17%	22	250,000	17%	60	660,000	20%
Fifth District (Kathryn Barger)	6	50,000	10%	17	205,000	13%	17	185,000	13%	40	440,000	13%
	63	535,000	100%	128	1,370,000		128	1,370,000		319	3,275,000	
3a By Supervisorial District and Type												
First District (Hilda L. Solis)	7	55,000	11%	32	300,000	25%	32	360,000	25%	71	715,000	22%
Micro-Entrepreneur	5	25,000	8%	18	90,000	14%	12	60,000	9%	35	175,000	11%
Small Business	2	30,000	3%	13	195,000	10%	14	210,000	11%	29	435,000	9%
Non-profit	0	\$-	0%	1	15,000	1%	6	90,000	5%	7	105,000	2%
Second District (Mark Ridley-Thomas)	21	175,000	33%	39	375,000	30%	39	405,000	30%	99	955,000	31%
Micro-Entrepreneur	14	70,000	22%	21	105,000	16%	18	90,000	14%	53	265,000	17%
Small Business	0	\$-	0%	9	135,000	7%	15	225,000	12%	24	360,000	8%
Non-profit	7	105,000	11%	9	135,000	7%	6	90,000	5%	22	330,000	7%
Third District (Sheila Kuehl)	13	125,000	21%	18	210,000	14%	18	170,000	14%	49	505,000	15%
Micro-Entrepreneur	7	35,000	11%	6	30,000	5%	10	50,000	8%	23	115,000	7%
Small Business	4	60,000	6%	12	180,000	9%	7	105,000	5%	23	345,000	7%
Non-profit	2	30,000	3%	0	0	0%	1	15,000	1%	3	45,000	1%
Fourth District (Janice Hahn)	16	130,000	25%	22	280,000	17%	22	250,000	17%	60	660,000	19%
Micro-Entrepreneur	11	55,000	17%	5	25,000	4%	8	40,000	6%	24	120,000	8%
Small Business	3	45,000	5%	12	180,000	9%	10	150,000	8%	25	375,000	8%
Non-profit	2	30,000	3%	5	75,000	4%	4	60,000	3%	11	165,000	3%
Fifth District (Kathryn Barger)	6	50,000	10%	17	205,000	13%	17	185,000	13%	40	440,000	13%
Micro-Entrepreneur	4	20,000	6%	5	25,000	4%	7	35,000	5%	16	80,000	5%
Small Business	2	30,000	3%	9	135,000	7%	9	135,000	7%	20	300,000	6%
Non-profit	0	\$-	0%	3	45,000	2%	1	15,000	1%	4	60,000	1%
										319	3,275,000	



February 18, 2021

TO: Each Supervisor

FROM: Emilio Salas, Executive Director   
Los Angeles County Development Authority

Rafael Carbajal, Director   
Department of Consumer and Business Affairs

**SUBJECT: FINAL REPORT BACK ON ESTABLISHING A REGIONAL COVID-19 RELIEF FUND FOR SMALL BUSINESSES AND NONPROFITS (ITEMS NO. 9, AGENDA OF APRIL 14, 2020, RELATES TO 2-D)**

### **Background**

On April 14, 2020, your Board directed the Chief Executive Officer, the Department of Consumer and Business Affairs (DCBA), and the Los Angeles County Development Authority (LACDA) to work together with private sector partners to establish and launch a public-private regional COVID-19 Relief Fund to support small businesses and nonprofits in Los Angeles County (County).

The L.A. Regional COVID-19 Recovery Fund (Recovery Fund) launched on July 6, 2020. What began initially as a County-driven project grew to a collaborative effort with the City of Los Angeles (City). Local Initiatives Support Corporation (LISC) was jointly selected by the County and the City as the Recovery Fund Administrator for this recovery effort. In this capacity, LISC is responsible for marketing the program, managing the application intake process, and funding grants to businesses and nonprofit organizations that have been impacted by economic loss during this crisis. The Recovery Fund was primarily funded with Coronavirus Aid, Relief, and Economic Security Act funds, as well as private and philanthropic contributions. Funds were distributed across seven rounds, plus two specialty rounds targeting small nonprofits and micro-entrepreneurs.

The Recovery Fund received a total of 142,856 applicants, of which 77,189 were in the City and 65,667 were in the County. Approximately 73 percent of applicants reported a decrease in revenues of 50 percent or more between January 2020 (pre-COVID) and April 2020. Common grant purposes cited by business applicants included payment of rent, debt and utilities, employee payroll, inventory, and purchase of personal protective equipment (PPE). Common grant purposes cited by nonprofit applicants included homelessness services, food programs, rapid rehousing, utility assistance, and purchase of PPE.

Of the 65,667 County applicants, over 77 percent were minority-owned or led, and 1,292 were veteran-owned entities. Approximately half were from low- and moderate-income census tracts. A total of 10,325 applicants were located in the First Supervisorial District, 10,794 in the Second Supervisorial District, 6,833 in the Third Supervisorial District, 17,627 in the Fourth Supervisorial District, and 20,088 in the Fifth Supervisorial District.

### **Grant Awards**

Individual grant amounts ranged between \$5,000 to \$25,000 (up to \$100,000 for the specialty round targeting small nonprofits providing critical social services). The Recovery Fund also partnered with community organizations to provide free one-on-one technical assistance to all applicants seeking support before, during, and after grant submission.

The Recovery Fund has awarded a total of \$99,635,000 to 7,325 businesses and nonprofit organizations, with a total of 19,924 employees. This included \$23,030,000 for 1,696 organizations in the First Supervisorial District, \$26,150,000 for 1,987 organizations in the Second Supervisorial District, \$15,340,000 for 1,133 organizations in the Third Supervisorial District, \$17,020,000 for 1,208 organizations in the Fourth Supervisorial District, and \$18,090,000 for 1,300 organizations in the Fifth Supervisorial District.

Excluding the City of Los Angeles, a total of \$60,755,000 was awarded to 4,320 grantees throughout the County. This included \$16,160,000 for 1,157 entities in the First Supervisorial District, \$11,550,000 for 837 entities in the Second Supervisorial District, \$1,590,000 for 95 entities in the Third Supervisorial District, \$14,590,000 for 1,032 entities in the Fourth Supervisorial District, and \$16,865,000 for 1,199 entities in the Fifth Supervisorial District.

Priority was given to veteran-owned entities, and to organizations located in census tracts with lower median household income, higher levels of pollution, higher unemployment, lower education rate, and lower jobs-to-population rate. Approximately 80 percent of funds were distributed to minority-owned or led entities, and over \$75,000,000 of the total grants went to low- and moderate-income census tracts, where at least 51 percent of households are at or below 80 percent of the area median income. A total of \$2,735,0000 was awarded to 203 veteran-owned entities.

If you have any questions, please contact me at [emilio.salas@lacda.org](mailto:emilio.salas@lacda.org) or (626) 586-1505; or Rafael Carbajal at [rcarbajal@dcba.lacounty.gov](mailto:rcarbajal@dcba.lacounty.gov) or (213) 974-9750; or Azusena Favela, Deputy Director, at (213) 974-0133 or [afavela@dcba.lacounty.gov](mailto:afavela@dcba.lacounty.gov).

c: Each Deputy  
Fesia A. Davenport, Chief Executive Officer  
County Counsel